

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30.6.2010	30.6.2009	30.6.2010	30.6.2009
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	<b>276,704</b>	269,814	<b>276,704</b>	269,814
Interest expense	C2	<b>(107,597)</b>	(132,531)	<b>(107,597)</b>	(132,531)
Net interest income		<b>169,107</b>	137,283	<b>169,107</b>	137,283
Net income from Islamic banking business	C3	<b>55,606</b>	59,403	<b>55,606</b>	59,403
		<b>224,713</b>	196,686	<b>224,713</b>	196,686
Other operating income	C4	<b>51,510</b>	60,337	<b>51,510</b>	60,337
Net income		<b>276,223</b>	257,023	<b>276,223</b>	257,023
Other operating expenses	C5	<b>(124,802)</b>	(140,887)	<b>(124,802)</b>	(140,887)
Operating profit		<b>151,421</b>	116,136	<b>151,421</b>	116,136
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	C6	<b>(520)</b>	(25,967)	<b>(520)</b>	(25,967)
Allowance for impairment		<b>(624)</b>	(27,726)	<b>(624)</b>	(27,726)
Profit before taxation and zakat		<b>150,277</b>	62,443	<b>150,277</b>	62,443
Taxation and zakat	B5	<b>(39,756)</b>	(16,248)	<b>(39,756)</b>	(16,248)
Net profit after taxation and zakat		<b>110,521</b>	46,195	<b>110,521</b>	46,195
Attributable to:					
Equity holders of the Company		<b>110,736</b>	46,221	<b>110,736</b>	46,221
Minority interests		<b>(215)</b>	(26)	<b>(215)</b>	(26)
Net profit after taxation and zakat		<b>110,521</b>	46,195	<b>110,521</b>	46,195
Earnings per share (sen):					
- Basic	B15(a)	<b>7.2</b>	3.0	<b>7.2</b>	3.0
- Diluted	B15(b)	<b>7.2</b>	3.0	<b>7.2</b>	3.0

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	RM'000	RM'000	RM'000	RM'000
Net profit after taxation and zakat	<b>110,521</b>	46,195	<b>110,521</b>	46,195
<b>Other comprehensive income/(loss):</b>				
Revaluation reserve on financial investments available-for-sale				
- Net gain/(loss) from change in fair value	<b>949</b>	(2,759)	<b>949</b>	(2,759)
- Transfer (to)/from deferred tax assets	<b>(237)</b>	690	<b>(237)</b>	690
Other comprehensive income/(loss), net of tax	<b>712</b>	(2,069)	<b>712</b>	(2,069)
<b>Total comprehensive income for the period</b>	<b>111,233</b>	44,126	<b>111,233</b>	44,126
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the Company	<b>111,448</b>	44,152	<b>111,448</b>	44,152
Minority interests	<b>(215)</b>	(26)	<b>(215)</b>	(26)
	<b>111,233</b>	44,126	<b>111,233</b>	44,126

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT 30.6.2010	AUDITED AS AT 31.3.2010
<i>Note</i>		RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds		2,527,861	3,564,545
Deposits and placements with banks and other financial institutions		150,156	150,156
Financial assets held-for-trading	C7	10,130	-
Financial investments available-for-sale	C8	6,806,198	5,154,828
Financial investments held-to-maturity	C9	981,632	931,420
Derivative financial assets	B11	33,319	44,698
Loans, advances and financing	C10	20,854,695	20,648,445
Balances due from clients and brokers	C11	92,889	72,568
Land held for investment		27,748	27,748
Other assets	C12	186,548	186,707
Tax recoverable		3,496	24,316
Statutory deposits		260,188	258,506
Leasehold land		11,085	11,119
Property, plant and equipment		116,544	123,974
Intangible assets		362,546	361,858
Deferred tax assets		83,831	102,727
<b>TOTAL ASSETS</b>		<b>32,508,866</b>	<b>31,663,615</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	C13	23,282,308	23,628,331
Deposits and placements of banks and other financial institutions	C14	3,225,950	2,289,666
Derivative financial liabilities	B11	50,747	50,175
Amount due to Cagamas Berhad		27,348	28,077
Bills and acceptances payable		430,912	538,350
Balances due to clients and brokers	C15	103,287	80,249
Other liabilities	C16	971,073	892,880
Subordinated bonds	B9(c)	600,000	600,000
Long term borrowings	B9(d)	600,000	600,000
Provision for taxation		43,470	4,201
Deferred tax liabilities		5,985	5
<b>TOTAL LIABILITIES</b>		<b>29,341,080</b>	<b>28,711,934</b>
Share capital		1,548,106	1,548,106
Reserves		1,662,052	1,445,732
Shares held for Employees' Share Scheme		(46,697)	(46,697)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>3,163,461</b>	<b>2,947,141</b>
Minority interests		4,325	4,540
<b>TOTAL EQUITY</b>		<b>3,167,786</b>	<b>2,951,681</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>32,508,866</b>	<b>31,663,615</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	B10	<b>14,184,505</b>	14,293,097
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b>		<b>2.04</b>	1.90

\* The net assets per share attributable to ordinary equity holders of the Company is computed as total equity (excluding minority interests) divided by total number of ordinary shares in circulation.

*(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)*

## ALLIANCE FINANCIAL GROUP BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010

-----> Attributable to Equity Holders of the Company <----->  
<-----> Non-distributable <-----> <Distributable>

	Non-distributable					Distributable						
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme ("ESS") Reserve	Profit Equalisation Reserve ("PER")	Shares held for ESS	Retained Profits	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 JUNE 2010</b>												
At 1 April 2010, as previously stated	1,548,106	304,289	493,477	7,013	7,440	12,341	26,388	(46,697)	594,784	2,947,141	4,540	2,951,681
Effects of adopting FRS 139	-	-	-	-	67,124	-	-	-	36,322	103,446	-	103,446
At 1 April 2010, as restated	1,548,106	304,289	493,477	7,013	74,564	12,341	26,388	(46,697)	631,106	3,050,587	4,540	3,055,127
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	110,736	110,736	(215)	110,521
Other comprehensive income	-	-	-	-	712	-	-	-	-	712	-	712
Total comprehensive income for the period	-	-	-	-	712	-	-	-	110,736	111,448	(215)	111,233
Share-based payment under ESS	-	-	-	-	-	1,426	-	-	-	1,426	-	1,426
Transfer to retained profit	-	-	-	-	-	-	(7,342)	-	7,342	-	-	-
<b>At 30 June 2010</b>	<b>1,548,106</b>	<b>304,289</b>	<b>493,477</b>	<b>7,013</b>	<b>75,276</b>	<b>13,767</b>	<b>19,046</b>	<b>(46,697)</b>	<b>749,184</b>	<b>3,163,461</b>	<b>4,325</b>	<b>3,167,786</b>
<b>30 JUNE 2009</b>												
At 1 April 2009	1,548,106	304,289	429,915	7,013	20,174	7,742	-	(36,127)	480,773	2,761,885	4,653	2,766,538
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	46,221	46,221	(26)	46,195
Other comprehensive income	-	-	-	-	(2,069)	-	-	-	-	(2,069)	-	(2,069)
Total comprehensive income for the period	-	-	-	-	(2,069)	-	-	-	46,221	44,152	(26)	44,126
Share-based payment under ESS	-	-	-	-	-	1,793	-	-	-	1,793	-	1,793
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(4,051)	-	(4,051)	-	(4,051)
At 30 June 2009	1,548,106	304,289	429,915	7,013	18,105	9,535	-	(40,178)	526,994	2,803,779	4,627	2,808,406

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010

	<b>Unaudited 3 Months Ended 30.6.2010 RM'000</b>	<b>Unaudited 3 Months Ended 30.6.2009 RM'000</b>
Profit before taxation and zakat	150,277	62,443
Adjustments for non-cash items	(2,361)	19,714
Operating profit before changes in working capital	<u>147,916</u>	<u>82,157</u>
Changes in working capital	417,959	(1,179,297)
Taxes and zakat refund/(paid)	10,535	(5,516)
Net cash generated from/(used in) operating activities	<u>576,410</u>	<u>(1,102,656)</u>
Net cash used in investing activities	(1,562,319)	(315,920)
Net cash used in financing activities	(14,299)	(13,590)
Net change in cash and cash equivalents	<u>(1,000,208)</u>	<u>(1,432,166)</u>
Cash and cash equivalents at beginning of year	<u>3,470,296</u>	<u>4,944,211</u>
Cash and cash equivalents at end of period	<u><b>2,470,088</b></u>	<u><b>3,512,045</b></u>

Cash and cash equivalents comprise the following:

Cash and short-term funds	2,527,861	3,593,122
Less: Monies held in trust	(57,773)	(81,077)
	<u><b>2,470,088</b></u>	<u><b>3,512,045</b></u>

*(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)*

**[A] Explanatory Notes Pursuant To Financial Reporting Standard 134 ("FRS 134") :  
Interim Financial Reporting**

**A1. Basis Of Preparation**

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2010 have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's ("BNM") Revised Guidelines on Financial Reporting for Licensed Institutions and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 March 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2010.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSS, IC Interpretations and Technical Release ("TR"):

- FRS 8 "Operating Segments"
- FRS 7 "Financial Instruments: Disclosures"
- FRS 101 "Presentation of Financial Statements"
- FRS 123 "Borrowing Costs"
- Amendment to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures and IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendment to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendment to FRS 132 "Financial Instruments: Presentation"
- Amendment to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendment to FRS 107 "Statement of Cash Flows"
- Amendment to FRS 110 "Events after the Reporting Period"
- Amendment to FRS 116 "Property, Plant and Equipment"
- Amendment to FRS 117 "Leases"
- Amendment to FRS 118 "Revenue"
- Amendment to FRS 119 "Employee Benefits"
- Amendment to FRS 128 "Investments in Associates"
- Amendment to FRS 131 "Interests in Joint Ventures"
- Amendment to FRS 134 "Interim Financial Reporting"
- Amendment to FRS 136 "Impairment of Assets"
- Amendment to FRS 138 "Intangible Assets"
- Amendment to FRS 140 "Investment Property"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customer Loyalty Programmes"
- IC Interpretation 14 "FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

**A1. Basis Of Preparation (cont'd.)**

From 1 April 2010, the Group is required to apply the amended FRS 139 "Financial Instruments: Recognition and Measurement" ("FRS 139") for the first time in the presentation of its annual consolidated financial statements. The amendments to FRS 139 above include an additional transitional arrangement for entities in the financial sector, whereby BNM prescribed the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued in January 2010, and its principal effects is also disclosed in Note C19.

In preparing these financial information, management has used its best knowledge of expected standards and interpretations, facts and circumstances, and accounting policies that will be applied when the Group prepares its first set of interim financial statements in accordance with FRS 134 "Interim Financial Reporting" as at 30 June 2010, which is inclusive of FRS 139.

Given that FRS 139 is currently being applied in Malaysia for the first time and contains new and revised impairment methodologies, the practices that were drawn in applying the standard may develop. In this respect and at this preliminary stage, until such time the Group's first annual financial statements prepared under FRS 139 are completed, the possibility cannot be excluded that the financial information in this interim financial statements may be subject to change.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group:

- FRS 3 "Business Combinations"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendment to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendment to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- IC Interpretation 17 "Distribution of non-cash assets to owners"

**A2. Declaration Of Audit Confirmation**

The annual audited report on the financial statements for the financial year ended 31 March 2010 did not contain any qualification.

**A3. Seasonal And Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 1st financial quarter ended 30 June 2010.

**A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence**

The assets, liabilities, equity, net income and cash flows of the Group in the 1st financial quarter ended 30 June 2010 were not substantially affected by any item of a material and unusual nature.

**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st financial quarter ended 30 June 2010.

**A6. Changes In Debt And Equity Securities**

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 1st financial quarter ended 30 June 2010.

**A7. Dividends Paid**

There was no dividend paid during the 1st financial quarter ended 30 June 2010.

**A8. Segment Information**

The following segment information has been prepared in accordance with FRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The Group is organised into the following key operating segments:

**(i) Consumer Banking**

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

**(ii) Business Banking**

Business Banking segment covers Small and Medium Enterprise ("SME"), Commercial and Corporate Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Commercial and Corporate Banking serve larger business customers, with Commercial Banking targeting family-owned businesses while Corporate Banking focus on public-listed and large corporate. Business Banking provides a wide range of services and products covering loans, trade finance, cash management, treasury and structured solutions.

**(iii) Financial Markets**

Financial Markets provide foreign exchange, money market, hedging, wealth management and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

**(iv) Investment Banking**

Investment Banking covers stockbroking activities and corporate advisory which include initial public offering, equity and debt fund raising, loan syndication, mergers and acquisition, as well as corporate restructuring.

**(v) Others**

Others refer to mainly other business operations such as alternative distribution channels, unit trust, asset management, trustee services and head office.



**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010**

**A8. Segment Information (cont'd)**

<b>GROUP</b> <b>As at 30 June 2010</b>	<b>Consumer Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Financial Markets RM'000</b>	<b>Investment Banking RM'000</b>	<b>Others RM'000</b>	<b>Total Operations RM'000</b>	<b>Inter- segment Elimination RM'000</b>	<b>Total RM'000</b>
Net interest income/(expense)								
- external income/(expense)	62,527	66,275	39,591	1,177	(703)	168,867	240	169,107
- inter-segment	7,139	6,947	(13,518)	(568)	-	-	-	-
	69,666	73,222	26,073	609	(703)	168,867	240	169,107
Net income from Islamic banking business	31,445	13,645	3,975	-	-	49,065	6,541	55,606
Other operating income	17,717	24,495	5,244	4,562	3,265	55,283	(3,773)	51,510
Net income	118,828	111,362	35,292	5,171	2,562	273,215	3,008	276,223
Other operating expenses	(56,285)	(38,664)	(9,437)	(3,022)	(5,663)	(113,071)	570	(112,501)
Depreciation and amortisation	(5,941)	(3,486)	(1,813)	(982)	(79)	(12,301)	-	(12,301)
Operating profit/(loss)	56,602	69,212	24,042	1,167	(3,180)	147,843	3,578	151,421
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(5,711)	4,811	110	327	(57)	(520)	-	(520)
Write-back of/(allowance for) impairment	-	579	(1,203)	-	(164)	(788)	164	(624)
Segment result	50,891	74,602	22,949	1,494	(3,401)	146,535	3,742	150,277
Taxation and zakat								(39,756)
Net profit after taxation and zakat								110,521
Segment assets	12,567,368	8,421,299	12,448,834	215,422	2,492,697	36,145,620	(4,214,256)	31,931,364
Reconciliation of segment assets to consolidated assets:								
Leasehold land								11,085
Property, plant and equipment								116,544
Unallocated assets								87,327
Intangible assets								362,546
Total assets								32,508,866
Segment liabilities	13,703,429	8,321,410	8,101,694	136,231	655,567	30,918,331	(1,626,706)	29,291,625
Unallocated liabilities								49,455
Total liabilities								29,341,080

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010**

**A8. Segment Information (cont'd)**

<b>GROUP</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>As at 30 June 2009</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income/(expense)	37,565	48,184	49,287	1,443	(796)	135,683	1,600	137,283
- inter-segment	15,462	10,471	(25,454)	(479)	-	-	-	-
	53,027	58,655	23,833	964	(796)	135,683	1,600	137,283
Net income from Islamic banking business	27,137	25,002	3,342	-	-	55,481	3,922	59,403
Other operating income	20,248	22,337	7,128	11,287	35,859	96,859	(36,522)	60,337
Net income	100,412	105,994	34,303	12,251	35,063	288,023	(31,000)	257,023
Other operating expenses	(55,295)	(43,959)	(17,177)	(6,799)	(6,107)	(129,337)	543	(128,794)
Depreciation and amortisation	(5,366)	(3,412)	(2,189)	(1,036)	(90)	(12,093)	-	(12,093)
Operating profit/(loss)	39,751	58,623	14,937	4,416	28,866	146,593	(30,457)	116,136
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(37,707)	11,790	(25)	29	(54)	(25,967)	-	(25,967)
(Allowance for)/write-back of impairment	-	(2,128)	(25,613)	15	164	(27,562)	(164)	(27,726)
Segment result	2,044	68,285	(10,701)	4,460	28,976	93,064	(30,621)	62,443
Taxation and zakat								(16,248)
Net profit after taxation and zakat								46,195
Segment assets	11,592,006	7,696,901	12,941,573	300,802	2,536,617	35,067,899	(4,604,416)	30,463,483
Reconciliation of segment assets to consolidated assets:								
Leasehold land								12,101
Property, plant and equipment								132,088
Unallocated assets								179,697
Intangible assets								369,797
Total assets								31,157,166
Segment liabilities	13,925,252	8,691,451	6,897,441	169,540	734,349	30,418,033	(2,070,510)	28,347,523
Unallocated liabilities								1,237
Total liabilities								28,348,760

**A9. Material Event During The Financial Reporting Period**

There was no material event during the 1st financial quarter ended 30 June 2010.

**A10. Material Event Subsequent To The End Of The Financial Reporting Period**

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

**A11. Changes In The Composition Of The Group**

There was no change in the composition of the Group during the 1st financial quarter ended 30 June 2010.

**A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date**

Please refer to Note B10.

**[B] Explanatory Notes Pursuant To Appendix 9B of Bursa Securities' Listing Requirements**

**B1. Review Of Performance**

For the current quarter under review, the Group recorded profit before taxation of RM150.3 million, an increase of RM87.9 million or 140.7% compared to the corresponding quarter last year. The improvement was primarily due to higher net income by RM19.2 million and lower overheads by RM16.1 million. In addition, loan and financing impairment and impairment on securities also decreased by RM52.5 million.

The Group registered an increase in interest income due to strong growth in loans and financing as well as 50 basis point increase in Base Lending Rate. Gross loans and financing grew by 7.9% year-on-year to RM21.6 billion compared to RM20.0 billion as of 30 June 2009. Similarly net interest margin also improved from 2.3% as of 30 June 2009 to 2.8% as of 30 June 2010.

The Group's other operating income decreased by RM8.8 million or 14.6% compared to the corresponding period last year primarily due to lower brokerage income.

The Group's net bad debts for quarter ended 30 June 2010 were calculated with the adoption of the transitional arrangement prescribed by FRS 139 with effect from 1 April 2010. The impairment losses calculated on individual loans amounted to RM11.9 million and on loans assessed collectively amounted to RM1.9 million. This compares to specific provision of RM30.1 million and general provision of RM5.9 million respectively for the corresponding period last year. As a result a lower charge was recorded by comparison.

Gross impaired loans ratio improved to 3.8% as of 30 June 2010 compared to 4.5% as of 30 June 2009.

The Group's risk-weighted capital ratio remained strong at 15.5%, with core capital ratio at 11.2%.

**B2. Comparison With Immediate Preceding Quarter**

The Group recorded profit before taxation of RM150.3 million for the first financial quarter ended 30 June 2010, an increase of RM42.9 million or 39.9% compared to the preceding quarter ended 31 March 2010. This was mainly due to higher operating profit by RM12.6 million and lower loan and financing impairment and impairment on securities by RM30.3 million.

**B3. Current Year Prospect**

The Malaysian Government has reported a first quarter 2010 real GDP growth of 10.1% and has forecast economic performance for the country of between 4.5% and 5.5% for the whole of 2010.

The Group will continue to focus on underlying business momentum and productivity improvements while maintaining strong risk management practices, active liquidity management and a healthy capital position. The Group expects to continue to record satisfactory performance in the financial year ending 31 March 2011.

**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation and Zakat**

<b>GROUP</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation				
- Income tax	<b>39,545</b>	15,659	<b>39,545</b>	15,659
- Deferred tax	<b>211</b>	589	<b>211</b>	589
	<b>39,756</b>	16,248	<b>39,756</b>	16,248

The Group's effective tax rate for the financial period ended 30 June 2010 was higher than the current statutory tax rate mainly due to non-deductibility of certain expenses.

**B6. Profit/(Loss) On Sale Of Unquoted Investments Or Properties**

There was no material profit/(loss) on sale of unquoted investments or properties for 1st financial quarter ended 30 June 2010 other than in the ordinary course of business.

**B7. Purchase And Disposal Of Quoted Securities**

There was no purchase or disposal of quoted securities for the 1st financial quarter ended 30 June 2010 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia.

**B8. Status Of Corporate Proposals**

There were no corporate proposals announced as at the financial reporting date.

**B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities**

	GROUP	
	30.6.2010	31.3.2010
	RM'000	RM'000
<b>(a) Deposits From Customers</b>		
Fixed/investment deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	13,452,355	13,649,990
- More than one year (medium/long term)	133,022	135,366
	13,585,377	13,785,356
Others	9,696,931	9,842,975
	23,282,308	23,628,331
<b>(b) Deposits And Placements Of Banks And Other Financial Institutions</b>		
- One year or less (short term)	2,427,574	1,546,206
- More than one year (medium/long term)	798,376	743,460
	3,225,950	2,289,666
<b>(c) Subordinated Bonds</b>		
Unsecured and more than one year (medium/long term) (6.09% Tier II Subordinated bonds 2006/2016)	600,000	600,000
<b>(d) Long Term Borrowings</b>		
<u>Unsecured</u>		
Fixed rate term loan (Tenor of 3 years plus extension option of one year with all in interest rate of 3.5% p.a.)	400,000	400,000
Floating rate term loan (Tenor of 4 years with all in interest rate of Cost of Fund plus 0.5% p.a.)	200,000	200,000
	600,000	600,000

**B10. Commitments And Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk-weighted exposure of the Group are as follows:

	As at 30 June 2010			As at 31 March 2010		
	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount*	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	508,344	508,344	508,344	501,940	501,940	501,940
Transaction-related contingent items	489,316	244,658	244,658	456,421	228,211	228,211
Short-term self-liquidating trade-related contingencies	129,642	25,928	25,928	167,968	33,594	33,594
Obligations under an on-going underwriting agreement	5,040	2,520	2,520	-	-	-
Irrevocable commitments to extend credit:						
- maturity exceeding one year	1,454,076	727,038	600,796	1,526,427	763,214	626,319
- maturity not exceeding one year	8,105,228	1,621,046	1,393,283	8,137,938	1,627,586	1,376,875
Foreign exchange related contracts						
- less than one year	2,532,859	62,470	32,311	2,452,403	64,501	28,951
Interest rate related contracts:						
- one year or less	540,000	8,737	1,747	560,000	2,745	549
- over one year to three years	220,000	7,190	1,438	270,000	5,423	1,085
- over three years	200,000	9,404	1,881	220,000	13,450	2,690
<b>Total</b>	<b>14,184,505</b>	<b>3,217,335</b>	<b>2,812,906</b>	<b>14,293,097</b>	<b>3,240,664</b>	<b>2,800,214</b>

\* The credit equivalent amount and risk-weighted amount of the Group are computed in accordance with Bank Negara Malaysia's ("BNM") revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II) and for Islamic bank subsidiary in accordance with BNM Capital Adequacy Framework for Islamic Banks ("CAFIB"). The Group have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

**B11. Derivative Financial Instruments**

Derivative financial instruments measured at fair values together with their corresponding contract/notional amounts:

	As at 30 June 2010			As at 31 March 2010		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
<u>Foreign exchange derivatives</u>						
Currency forwards	336,821	2,240	(4,974)	432,551	5,037	(10,194)
- one year or less	<b>336,821</b>	<b>2,240</b>	<b>(4,974)</b>	<b>432,551</b>	<b>5,037</b>	<b>(10,194)</b>
Currency swaps	1,806,884	19,612	(34,820)	1,810,451	33,075	(32,981)
- one year or less	<b>1,806,884</b>	<b>19,612</b>	<b>(34,820)</b>	<b>1,810,451</b>	<b>33,075</b>	<b>(32,981)</b>
Currency spots	151,597	537	(657)	142,983	224	(179)
- one year or less	<b>151,597</b>	<b>537</b>	<b>(657)</b>	<b>142,983</b>	<b>224</b>	<b>(179)</b>
Currency options	237,557	4,529	(4,449)	66,418	252	(158)
- one year or less	<b>237,557</b>	<b>4,529</b>	<b>(4,449)</b>	<b>66,418</b>	<b>252</b>	<b>(158)</b>
	<b>2,532,859</b>	<b>26,918</b>	<b>(44,900)</b>	<b>2,452,403</b>	<b>38,588</b>	<b>(43,512)</b>
<u>Interest rate derivatives</u>						
Interest rate swap	960,000	6,401	(5,847)	1,050,000	6,110	(6,663)
- one year or less	<b>540,000</b>	<b>597</b>	<b>(1,594)</b>	<b>560,000</b>	<b>491</b>	<b>(1,655)</b>
- over one year to three years	<b>220,000</b>	<b>2,275</b>	<b>(2,894)</b>	<b>270,000</b>	<b>1,370</b>	<b>(3,114)</b>
- over three years	<b>200,000</b>	<b>3,529</b>	<b>(1,359)</b>	<b>220,000</b>	<b>4,249</b>	<b>(1,894)</b>
Total derivatives assets/(liabilities)	<b>3,492,859</b>	<b>33,319</b>	<b>(50,747)</b>	<b>3,502,403</b>	<b>44,698</b>	<b>(50,175)</b>

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2010.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.



**B11. Derivative Financial Instruments** (cont'd)

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

**B12. Material Litigation**

As at the date of this report, there was no pending material litigation in the ordinary course of business which would materially and adversely affect the financial position of the Group, other than the following:

- (a) Alliance Bank Malaysia Berhad's ("ABMB") wholly-owned subsidiary, Alliance Investment Bank Berhad ("AIBB") was served with a Writ of Summons and Statement of Claim dated 10 July 2008 ("the Suit") by Celcom (Malaysia) Berhad ("Celcom").

The Suit was filed by one Mohd Shuaib Ishak as a derivative action on behalf of Celcom pursuant to Section 181A(1) of the Companies Act, 1965.

The Suit arose from the Amended and Restated Supplemental Agreement dated 4 April 2002 entered into between among others Celcom and DeTe Asia Holding GmbH ("DeTeAsia"), the acquisition of Celcom shares by Telekom Enterprise Sdn Bhd ("TESB"), the consequent Mandatory General Offer exercise implemented by Telekom Malaysia Berhad ("TM") and the de-merger exercise of the mobile and fixed-line businesses of the TM Group.

AIBB had been named as one of the 21 defendants in the Suit for its role as advisor to Celcom. Celcom is claiming against the defendants jointly and/or severally for the sum of US\$232,999,745.80 plus damages and interest.

The Court of Appeal had on 27 March 2009 allowed the appeal brought by Celcom against the leave granted to Mohd Shuaib Ishak to commence the derivative action on behalf of Celcom. Mohd Shuaib Ishak has since filed an application for leave to appeal to the Federal Court against the said decision.

Meanwhile, AIBB has filed an application to cease being a party to the proceedings on the ground that it has been improperly and unnecessarily made a party to the proceedings on 16 July 2009. On 16 April 2010, the Court had granted AIBB's application to cease being a party to the proceedings. The Plaintiff had on 22 April 2010 filed an appeal against the decision.

On 10 August 2010, the Federal Court refused to grant leave to appeal to Mohd Shuaib thus bringing this derivative action to an end as Mohd Shuaib has no locus standi to proceed with the action. The suit and all matters relating thereto will therefore be resolved in favour of the defendants.

- (b) A corporate borrower had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which ABMB is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which ABMB's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which ABMB's participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the above-mentioned loan.

The two suits were then consolidated and heard together. On 6 May 2009, judgment was delivered against the agent bank for special damages amounting to RM115.0 million together with interest at the rate of 6% per annum from date of disbursement to date of realisation with general damages to be assessed by the Court.

The agent bank's solicitors had filed an appeal against the said decision. The Court had on 24 June 2009 granted a stay of execution of the judgment pending appeal to the Court of Appeal.

The advice from the agent bank's solicitors is that they have a better than even chance of succeeding in the said appeal.

**B12. Material Litigation** (cont'd)

- (c) ABMB had in 1999 filed a suit against a corporate borrower, hereinafter referred to as the first defendant and the second defendant as guarantor (collectively called "Defendants") for money outstanding due to a default in banking facility amounting to RM2.36 million. The Defendants in turn counter-claimed against ABMB for special damages amounting to RM15.5 million and general damages to be assessed by the Court for negligence and/or wrongful termination of the banking facilities, statutory interest on judgment sum, costs and such other and/or further relief deemed fit by the Court.

On 4 May 2009, the High Court in Kota Kinabalu granted judgment in favour of the Defendants with damages to be assessed by the Deputy Registrar.

At a clarification hearing held on 25 May 2009, the Court clarified that ABMB's liability to pay damages under the counter-claim is only in respect of general damages to be assessed by the Court and not special damages.

ABMB has since filed its appeal and application for stay of execution against the said judgment.

On 3 August 2009, the High Court dismissed ABMB's application for stay of execution of the judgment granted in favour of the Defendants. ABMB then filed an appeal to the Court of Appeal against the said decision.

On 16 November 2009, the Court of Appeal had dismissed the ABMB's appeal for stay of execution with no order as to costs and directed that an early hearing date would be scheduled for the ABMB's appeal proper.

Hearing for the assessment of damages has been fixed for continued hearing from 23 August 2010 to 26 August 2010.

Based on the advice from ABMB's solicitors, ABMB has a fair chance of success in its appeal.

**B12. Material Litigation (cont'd)**

- (d) (i) ABMB had commenced a civil suit against an individual borrower in March 2007 for recovery of an overdraft facility secured by shares from the individual borrower and shares from a third party. The individual borrower counter-claimed against ABMB for various declarations amongst others that ABMB had acted wrongfully or in bad faith in demanding repayment of the facility and that there was in existence a collateral contract between the individual borrower, ABMB and the third party. In addition, the individual borrower is also claiming for general damages to be assessed by the courts.

ABMB filed its reply and defence to counter-claim on 7 July 2007.

Pending case management for the individual borrower to consolidate the present suit with the case mentioned under Note B12 (d)(ii) below. Individual borrower decided not to proceed with the consolidation of the case.

Next case management fixed on 24 August 2010.

ABMB's solicitors are of the firm view that ABMB has good defence to the counter-claim.

- (ii) Arising from the above-mentioned suit (Note B12 (d)(i)), the third party in September 2008 filed a separate suit against ABMB for force selling the shares pledged by the third party. The third party alleges amongst others that ABMB sold the pledged shares off-market without notice to them in breach of the collateral contract between the third party and ABMB. The third party is claiming for damages for loss of the benefit of the shares pledged to ABMB, damages for conversion, damages for misrepresentation and for breach of contract.

ABMB had filed its defence to the suit on 13 November 2008. Pending consolidation of the case mentioned under Note B12 (d)(i) above with the present suit. The individual borrower decided not to proceed with consolidation of the case under Note B12 (d)(i) above with the present suit.

Court has fixed the matter for show cause on 19 August 2010 as the third party did not take further steps with regards to this matter.

ABMB's solicitors are of the firm view that there is no such collateral contract and that ABMB has good defence to the claim brought by the third party.

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**B13. Dividend Declared**

The Board of Directors has declared a first interim dividend of 3.3 sen per share, tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2011 (2010: 1.3 sen), to be paid on 27 August 2010. The entitlement date for the first interim dividend payment is on 13 August 2010.

**B14. Related Party Transactions**

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

**B15. Earnings Per Share (EPS)**

(a) **Basic**

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average shares held for ESS.

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>110,736</b>	46,221	<b>110,736</b>	46,221
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(19,070)</b>	(15,235)	<b>(19,070)</b>	(15,235)
	<b>1,529,036</b>	1,532,871	<b>1,529,036</b>	1,532,871
Basic earnings per share (sen)	<b>7.2</b>	3.0	<b>7.2</b>	3.0

**B15. Earnings Per Share (EPS)**

**(b) Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 30 June 2010.

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>110,736</b>	46,221	<b>110,736</b>	46,221
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(19,070)</b>	(15,235)	<b>(19,070)</b>	(15,235)
Effect of Share Grants under ESS ('000)	<b>4,579</b>	3,998	<b>4,579</b>	3,998
	<b>1,533,615</b>	1,536,869	<b>1,533,615</b>	1,536,869
Diluted earnings per share (sen)	<b>7.2</b>	3.0	<b>7.2</b>	3.0

**C. Explanatory Notes Pursuant To Appendix C of Revised BNM/GP8**

**C1. Interest Income**

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2010 RM'000	30.6.2009 RM'000	30.6.2010 RM'000	30.6.2009 RM'000
Loans, advances and financing				
- Interest/income other than recoveries	191,871	185,990	191,871	185,990
- Recoveries from impaired loans	12,384	11,904	12,384	11,904
- Unwinding income *	3,428	-	3,428	-
	<b>207,683</b>	197,894	<b>207,683</b>	197,894
Money at call and deposit placements with financial institutions	11,858	19,276	11,858	19,276
Financial assets held-for-trading	78	108	78	108
Financial investments available-for-sale	40,980	41,869	40,980	41,869
Financial investments held-to-maturity	7,711	1,371	7,711	1,371
Others	1,219	1,493	1,219	1,493
	<b>269,529</b>	262,011	<b>269,529</b>	262,011
Accretion of discount less amortisation of premium	7,175	13,293	7,175	13,293
Net interest suspended	-	(5,490)	-	(5,490)
	<b>276,704</b>	269,814	<b>276,704</b>	269,814

\* Unwinding income is income earned on impaired loans, advances and financing

**C2. Interest Expense**

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2010 RM'000	30.6.2009 RM'000	30.6.2010 RM'000	30.6.2009 RM'000
Deposits and placements of banks and other financial institutions	12,902	4,385	12,902	4,385
Deposits from customers	78,158	111,143	78,158	111,143
Loans sold to Cagamas Berhad	-	201	-	201
Subordinated bonds	9,110	9,110	9,110	9,110
Long term borrowings	5,188	4,986	5,188	4,986
Others	2,239	2,706	2,239	2,706
	<b>107,597</b>	132,531	<b>107,597</b>	132,531

**C3. Net Income from Islamic Banking Business**

<u>Group</u>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>62,299</b>	45,196	<b>62,299</b>	45,196
Income derived from investment of Islamic Banking funds	<b>6,926</b>	5,286	<b>6,926</b>	5,286
Transfer from profit equalisation reserve ("PER") (Note a)	-	18,309	-	18,309
Income attributable to depositors and financial institutions	<b>(20,161)</b>	(13,310)	<b>(20,161)</b>	(13,310)
	<b>49,064</b>	55,481	<b>49,064</b>	55,481
Add: Income due to head office eliminated at Group level	<b>6,542</b>	3,922	<b>6,542</b>	3,922
	<b>55,606</b>	59,403	<b>55,606</b>	59,403

Note:

- (a) Beginning with the financial period ended 31 March 2010, appropriations to PER were made out of retained profits, whereas in the preceding financial periods such appropriations were made out of gross income.
- (b) Net income from Islamic banking business comprises income generated from both Alliance Islamic Bank Berhad ("AIS") and Islamic banking business currently residing in Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of Alliance Bank Malaysia Berhad, which in turn is a wholly-owned subsidiary of the Company.



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**C4. Other Operating Income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	<b>7,800</b>	8,886	<b>7,800</b>	8,886
Service charges and fees	<b>9,056</b>	10,299	<b>9,056</b>	10,299
Portfolio management fees	<b>1,608</b>	1,463	<b>1,608</b>	1,463
Corporate advisory fees	<b>334</b>	292	<b>334</b>	292
Brokerage fees	<b>3,651</b>	9,466	<b>3,651</b>	9,466
Guarantee fees	<b>2,199</b>	1,713	<b>2,199</b>	1,713
Processing fees	<b>1,037</b>	1,860	<b>1,037</b>	1,860
Commitment fees	<b>3,544</b>	3,292	<b>3,544</b>	3,292
Other fee income	<b>4,058</b>	5,425	<b>4,058</b>	5,425
	<b>33,287</b>	42,696	<b>33,287</b>	42,696
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	<b>(110)</b>	461	<b>(110)</b>	461
- Financial investments available-for-sale	<b>1,608</b>	2,001	<b>1,608</b>	2,001
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	<b>5</b>	(1,414)	<b>5</b>	(1,414)
- Derivative instruments	<b>(11,969)</b>	(4,273)	<b>(11,969)</b>	(4,273)
Realised gain on revaluation of derivative instruments	<b>21,176</b>	14,267	<b>21,176</b>	14,267
Gross dividend income from:				
- Financial investments held-to-maturity	-	49	-	49
- Financial investments available-for-sale	<b>1,039</b>	-	<b>1,039</b>	-
	<b>11,749</b>	11,091	<b>11,749</b>	11,091
(c) <u>Other income:</u>				
Foreign exchange profit	<b>2,784</b>	1,795	<b>2,784</b>	1,795
Rental income	-	47	-	47
(Loss)/gain on disposal of property, plant and equipment	<b>(124)</b>	194	<b>(124)</b>	194
Gain on disposal of foreclosed properties	-	1,895	-	1,895
Others	<b>3,814</b>	2,619	<b>3,814</b>	2,619
	<b>6,474</b>	6,550	<b>6,474</b>	6,550
Total other operating income	<b>51,510</b>	60,337	<b>51,510</b>	60,337

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**C5. Other Operating Expenses**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs:</b>				
Salaries, allowances and bonuses	<b>62,678</b>	63,242	<b>62,678</b>	63,242
Contribution to EPF	<b>10,492</b>	10,159	<b>10,492</b>	10,159
Share options/grants under ESS	<b>1,426</b>	1,793	<b>1,426</b>	1,793
Others	<b>5,546</b>	4,986	<b>5,546</b>	4,986
	<b>80,142</b>	80,180	<b>80,142</b>	80,180
<b>Establishment costs:</b>				
Depreciation of property, plant and equipment	<b>8,666</b>	9,334	<b>8,666</b>	9,334
Amortisation of computer software	<b>3,601</b>	2,724	<b>3,601</b>	2,724
Amortisation of leasehold land	<b>34</b>	35	<b>34</b>	35
Rental of premises	<b>6,831</b>	7,830	<b>6,831</b>	7,830
Water and electricity	<b>1,859</b>	2,256	<b>1,859</b>	2,256
Repairs and maintenance	<b>2,274</b>	2,049	<b>2,274</b>	2,049
Information technology expenses	<b>8,576</b>	10,798	<b>8,576</b>	10,798
Others	<b>3,899</b>	3,760	<b>3,899</b>	3,760
	<b>35,740</b>	38,786	<b>35,740</b>	38,786
<b>Marketing expenses:</b>				
Promotion and advertisement	<b>824</b>	2,065	<b>824</b>	2,065
Branding and publicity	<b>580</b>	444	<b>580</b>	444
Others	<b>996</b>	1,082	<b>996</b>	1,082
	<b>2,400</b>	3,591	<b>2,400</b>	3,591
<b>Administration and general expenses:</b>				
Communication expenses	<b>1,749</b>	3,399	<b>1,749</b>	3,399
Printing and stationery	<b>928</b>	1,229	<b>928</b>	1,229
Insurance	<b>2,343</b>	6,591	<b>2,343</b>	6,591
Professional fees	<b>988</b>	3,005	<b>988</b>	3,005
Others	<b>512</b>	4,106	<b>512</b>	4,106
	<b>6,520</b>	18,330	<b>6,520</b>	18,330
<b>Total other operating expenses</b>	<b>124,802</b>	140,887	<b>124,802</b>	140,887

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**C6. Allowance for/(Write-back of) Impairment on Loans, Advances and Financing and Other Losses**

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2010 RM'000	30.6.2009 RM'000	30.6.2010 RM'000	30.6.2009 RM'000
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual impairment allowance				
- made during the period	11,943	-	11,943	-
(b) Collective assessment allowance				
- made during the period	1,927	-	1,927	-
(c) Specific allowance				
- made during the period	-	100,095	-	100,095
- written back during the period	-	(69,977)	-	(69,977)
(d) General allowance				
- made during the period	-	13,212	-	13,212
- written back during the period	-	(7,282)	-	(7,282)
(e) Bad debts on loans and financing				
- recovered	(16,119)	(11,048)	(16,119)	(11,048)
- written off	122	208	122	208
	<b>(2,127)</b>	25,208	<b>(2,127)</b>	25,208
Allowance for commitments and contingencies	980	-	980	-
Allowance for other assets	1,667	759	1,667	759
	<b>520</b>	25,967	<b>520</b>	25,967

**C7. Financial assets held-for-trading**

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government investment certificates	5,057	-
Malaysian Government securities	5,073	-
Total financial assets held-for-trading	<b>10,130</b>	-

**C8. Financial investments available-for-sale**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>1,984,344</b>	1,748,115
Malaysian Government investment certificates	<b>593,873</b>	566,495
Malaysian Government treasury bills	<b>59,971</b>	-
Bank Negara Malaysia bills	<b>579,809</b>	-
Cagamas bonds	<b>55,546</b>	205,629
Negotiable instruments of deposits	<b>599,353</b>	459,444
Bankers' acceptances	<b>1,092,973</b>	799,951
 <u>Quoted securities in Malaysia:</u>		
Shares [Note (a)]	<b>3,767</b>	3,919
Debt securities	<b>6,999</b>	7,591
 <u>Unquoted securities:</u>		
Shares	<b>116,819</b>	11,377
Debt securities	<b>1,712,744</b>	1,352,307
<b>Total financial investments available-for-sale</b>	<b>6,806,198</b>	<b>5,154,828</b>

**Note:**

(a) Disclosures of the reclassification from financial assets held-for-trading ("HFT") to financial investments available-for-sale ("AFS") portfolio in the financial statements of the Group is as follows:

- (i) Amount reclassified from financial assets HFT to financial investments AFS portfolio on 31 December 2008:

	<b>Group</b>
	<b>RM'000</b>
Fair value of financial assets HFT reclassified to financial investments AFS portfolio as at reclassification date	<u>3,419</u>

- (ii) Carrying amount and fair value of financial assets HFT reclassified to financial investments AFS portfolio as at the financial period/year:

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial assets HFT reclassified to financial investments AFS portfolio		
Carrying amount	<b>3,752</b>	3,902
Fair value	<b>3,752</b>	<u>3,902</u>

**C8. Financial investments available-for-sale (cont'd)**

Note: (cont'd)

- (a) (iii) The fair value gain recognised in respect of the financial assets HFT reclassified to financial investments AFS portfolio during the financial period/year:

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrealised gain recognised in equity	<b>333</b>	<b>483</b>

- (iv) Effective interest rate for the security reclassified from financial assets HFT to financial investments AFS portfolio is not applicable as the security reclassified is an equity investments.

The above reclassification had been accounted for in accordance with the BNM circular on "Reclassification of Securities under Specific Circumstances" dated 20 October 2008, which was effective from 1 July 2008 to 31 December 2009.

**C9. Financial investments held-to-maturity**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>809,346</b>	811,208
Malaysian Government investment certificates	<b>109,966</b>	39,368
<b>At cost</b>		
<u>Quoted securities in Malaysia:</u>		
Debt securities	<b>4,902</b>	4,902
<u>Unquoted securities:</u>		
Shares	-	22,021
Debt securities	<b>151,953</b>	152,248
	<b>1,076,167</b>	1,029,747
Accumulated impairment	<b>(94,535)</b>	(98,327)
Total financial investments held-to-maturity	<b>981,632</b>	931,420

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**C10. Loans, Advances And Financing**

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
Overdrafts	1,632,960	1,632,204
Term loans/financing		
- Housing loans/financing	9,399,503	9,081,024
- Syndicated term loans/financing	269,913	278,248
- Hire purchase receivables	1,012,905	1,070,593
- Lease receivables	-	104
- Other term loans/financing	7,321,334	7,243,133
Bills receivables	110,802	56,173
Trust receipts	185,743	161,254
Claims on customers under acceptance credits	2,084,849	2,025,751
Staff loans [including RM163,000 loans to Directors of banking subsidiary (31.3.2010: RM182,000)]	99,680	102,583
Credit/charge card receivables	680,000	685,003
Revolving credits	1,079,450	1,115,275
Other loans	310,122	339,071
	<b>24,187,261</b>	<b>23,790,416</b>
Less: Unearned interest and income	<b>(2,631,568)</b>	<b>(2,380,480)</b>
Gross loans, advances and financing	<b>21,555,693</b>	<b>21,409,936</b>
Less: Allowance for impairment		
- Individual assessment allowance	(375,427)	-
- Collective assessment allowance	(325,571)	-
- Specific allowance	-	(438,582)
- General allowance	-	(322,909)
Total net loans, advances and financing	<b>20,854,695</b>	<b>20,648,445</b>

(a) By types of customer:

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	20,002	20,001
- Others	187,789	168,766
Domestic business enterprises		
- Small and medium enterprises	4,759,296	4,581,157
- Others	3,880,763	3,983,105
Government and statutory bodies	16,354	16,590
Individuals	12,176,622	12,157,289
Other domestic entities	15,123	5,088
Foreign entities	499,744	477,940
Gross loans, advances and financing	<b>21,555,693</b>	<b>21,409,936</b>

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
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**C10. Loans, Advances And Financing (cont'd)**

(b) By interest/profit rate sensitivity:

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
Fixed rate		
- Housing loans/financing	349,040	316,948
- Hire purchase receivables	900,286	950,134
- Other fixed rate loans/financing	2,221,247	2,188,491
Variable rate		
- Base lending rate plus	14,188,679	14,097,157
- Cost plus	3,752,123	3,753,267
- Other variable rates	144,318	103,939
Gross loans, advances and financing	<b>21,555,693</b>	21,409,936

(c) By economic purposes:

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
Purchase of securities	325,309	351,976
Purchase of transport vehicles	834,818	907,561
Purchase of landed property	11,230,024	11,092,067
of which: - Residential	<b>8,492,556</b>	<b>8,408,597</b>
- Non-residential	<b>2,737,468</b>	<b>2,683,470</b>
Purchase of fixed assets excluding land and buildings	82,431	66,540
Personal use	2,015,093	2,007,919
Credit card	680,000	685,003
Construction	248,813	293,211
Working capital	5,524,104	5,384,583
Others	615,101	621,076
Gross loans, advances and financing	<b>21,555,693</b>	21,409,936

(d) By geographical distribution:

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
Northern region	1,754,268	1,775,991
Central region	15,759,474	15,626,298
Southern region	1,942,259	1,942,685
East Malaysia region	2,099,692	2,064,962
Gross loans, advances and financing	<b>21,555,693</b>	21,409,936

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**C10. Loans, Advances And Financing (cont'd)**

(e) By residual contractual maturity:

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
Within one year	6,381,902	6,307,079
One year to less than three years	915,328	906,149
Three years to less than five years	1,404,856	1,408,276
Over five years	<u>12,853,607</u>	<u>12,788,432</u>
Gross loans, advances and financing	<u>21,555,693</u>	<u>21,409,936</u>

(f) Movements in impaired loans, advances and financing ("impaired loans"):

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
At 1 April 2010		
- As previously stated	806,279	875,070
- Effects of adopting FRS 139	<u>37,587</u>	-
At 1 April 2010, as restated	<u>843,866</u>	875,070
Impaired during the period/year	116,463	670,112
Reclassified as non-impaired during the period/year	(77,060)	(412,025)
Recoveries	(38,313)	(194,930)
Amount written off	<u>(26,094)</u>	<u>(131,948)</u>
At end of period/year	<u>818,862</u>	<u>806,279</u>
Gross impaired loans as a percentage of gross loans, advances and financing	3.8%	3.8%

(g) Impaired loans by economic purposes:

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
Purchase of securities	17,683	16,399
Purchase of transport vehicles	13,578	13,992
Purchase of landed property	310,905	336,433
of which: - Residential	<u>227,600</u>	<u>240,152</u>
- Non-residential	<u>83,305</u>	<u>96,281</u>
Purchase of fixed assets excluding land & buildings	201	198
Personal use	41,197	40,451
Credit card	14,712	14,188
Construction	22,060	14,905
Working capital	349,068	321,637
Others	<u>49,458</u>	<u>48,076</u>
Gross impaired loans	<u>818,862</u>	<u>806,279</u>



**C10. Loans, Advances And Financing (cont'd)**

(h) Impaired loans by geographical distribution:

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
Northern region	74,580	76,455
Central region	569,382	543,900
Southern region	89,018	95,821
East Malaysia region	85,882	90,103
	<u>818,862</u>	<u>806,279</u>

(i) Movements in the allowance for impaired loans are as follows:

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
<b>Individual assessment allowance</b>		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	389,578	-
At 1 April 2010, as restated	<u>389,578</u>	-
Allowance made during the period/year	11,943	-
Amount written off	(26,094)	-
At end of period/year	<u>375,427</u>	-
 <b>Collective assessment allowance</b>		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	323,644	-
At 1 April 2010, as restated	<u>323,644</u>	-
Allowance made during the period/year	1,927	-
At end of period/year	<u>325,571</u>	-

**C10. Loans, Advances And Financing (cont'd)**

- (j) Movements in the allowance for impaired loans are as follows (contd.):

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
<b>Specific Allowance</b>		
At 1 April 2010		
- As previously stated	438,582	531,824
- Effects of adopting FRS 139	<b>(438,582)</b>	-
At 1 April 2010, as restated	-	531,824
Allowance made during the period/year	-	331,471
Amount written back in respect of recoveries	-	(292,765)
Amount written off	-	(131,948)
At end of period/year	-	<b>438,582</b>

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM NIL (31.3.2010: RM23,414,000).

	Group	
	30.6.2010	31.3.2010
	RM'000	RM'000
<b>General Allowance</b>		
At 1 April 2010		
- As previously stated	322,909	340,218
- Effects of adopting FRS 139	<b>(322,909)</b>	-
At 1 April 2010, as restated	-	340,218
Allowance made during the period/year	-	59,732
Amount written back	-	(77,041)
At end of period/year	-	<b>322,909</b>
As % of gross loans, advances and financing less specific allowance	-	1.5%

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**C11. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	109,341	89,050
Due from brokers	-	-
	<u>109,341</u>	<u>89,050</u>
Less: Allowance for bad and doubtful debts	<u>(16,452)</u>	<u>(16,482)</u>
	<u><b>92,889</b></u>	<u><b>72,568</b></u>

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIBB's normal trade credit terms for non-margin clients is three (3) market days in accordance with Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are non-performing accounts, as follows:

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	990	691
Classified as bad	15,850	16,150
	<u>16,840</u>	<u>16,841</u>

The movements in allowance for bad and doubtful debts are as follows:

At beginning of year	16,482	17,530
Allowance made during the period/year	923	848
Reversal of allowance	(953)	(959)
Bad debts written off against allowance	-	(937)
	<u>16,452</u>	<u>16,482</u>
At end of period/year	<u><b>16,452</b></u>	<u><b>16,482</b></u>

**C12. Other Assets**

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
Other receivables, deposits and prepayments	137,876	141,971
Interest/income receivable	66,040	61,191
Trade receivables	32	32
Manager's stocks	1,647	1,017
Foreclosed properties	4,349	4,349
	<b>209,944</b>	<b>208,560</b>
Less: Allowance for other assets	(23,396)	(21,853)
	<b>186,548</b>	<b>186,707</b>

**C13. Deposits From Customers**

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
<u>By type of deposits:</u>		
Demand deposits	8,049,748	8,122,263
Savings deposits	1,596,385	1,679,449
Fixed/investment deposits	11,835,629	12,215,318
Money market deposits	1,379,963	1,160,946
Negotiable instruments of deposits	369,785	409,092
Structured deposits [Note (a)]	50,798	41,263
	<b>23,282,308</b>	<b>23,628,331</b>

Note:

(a) Structured deposits represent foreign currency time deposits with embedded foreign exchange options.

	Group	
	30.6.2010 RM'000	31.3.2010 RM'000
(b) <u>By type of customers:</u>		
Domestic financial institution	374,140	415,986
Government and statutory bodies	1,080,560	837,472
Business enterprises	7,866,279	8,152,109
Individuals	13,331,671	13,531,116
Others	629,658	691,648
	<b>23,282,308</b>	<b>23,628,331</b>

(c) The maturity structure of fixed/ investment deposits, money market deposits and negotiable instruments of deposit are as follow:

Due within six months	9,814,001	9,608,666
Six months to one year	3,638,354	4,041,324
One year to three years	98,989	105,240
Three years to five years	34,033	30,126
	<b>13,585,377</b>	<b>13,785,356</b>

**C14. Deposits And Placements Of Banks And Other Financial Institutions**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,726,589	1,385,564
Licensed investment banks	645,000	80,000
Licensed Islamic banks	-	75,000
Bank Negara Malaysia	804,361	749,102
Other financial institutions	50,000	-
	<b>3,225,950</b>	<b>2,289,666</b>

**C15. Balances Due To Clients And Brokers**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	64,096	75,984
Due to brokers	39,191	4,265
	<b>103,287</b>	<b>80,249</b>

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIBB's normal trade credit terms for non-margin client is three (3) market days according to Bursa Malaysia Securities Berhad's FDSS trading rules.

**C16. Other Liabilities**

	<b>Group</b>	
	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	866,596	768,853
Interest/income payable	82,049	100,573
Remisier's accounts	22,428	23,454
	<b>971,073</b>	<b>892,880</b>

**C17. Capital Adequacy**

The capital adequacy ratios of the ABMB group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The ABMB group has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the ABMB group are as follows:

	<b>30.6.2010</b>	<b>31.3.2010</b>
<u>Before deducting proposed dividends</u>		
Core capital ratio	<b>11.42%</b>	11.39%
Risk-weighted capital ratio	<b>15.73%</b>	15.65%
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>11.17%</b>	11.13%
Risk-weighted capital ratio	<b>15.48%</b>	15.40%

Components of Tier I and Tier II capital are as follows:

	<b>30.6.2010</b>	<b>31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I Capital (Core Capital)</b>		
Paid-up share capital	<b>596,517</b>	596,517
Irredeemable convertible preference shares	<b>4,000</b>	4,000
Share premium	<b>597,517</b>	597,517
Retained profits	<b>882,471</b>	882,471
Statutory reserves	<b>735,515</b>	735,515
Other reserves	<b>10,018</b>	10,018
Minority interests	<b>4,539</b>	4,539
	<b>2,830,577</b>	2,830,577
Less: Purchased goodwill/goodwill on consolidation	<b>(302,065)</b>	(302,065)
Deferred tax assets	<b>(83,818)</b>	(99,347)
Total Tier I capital	<b>2,444,694</b>	2,429,165
<b>Tier II Capital</b>		
Subordinated bonds	<b>600,000</b>	600,000
Collective assessment allowance	<b>325,588</b>	-
General allowance	<b>-</b>	322,933
Total Tier II capital	<b>925,588</b>	922,933
Total Capital	<b>3,370,282</b>	3,352,098
Less: Investments in subsidiaries	<b>(3,620)</b>	(12,760)
<b>Total Capital Base</b>	<b>3,366,662</b>	3,339,338

Analysis of the risk-weighted assets ("RWA") in the various categories of risk-weighted are as follows:

<b>Group</b>	<b>30.6.2010</b>		<b>31.3.2010</b>	
	Net	Risk-	Net	Risk-
	Exposure	Weighted	Exposure	Weighted
	RM'000	RM'000	RM'000	RM'000
0%	<b>5,977,155</b>	-	5,391,179	-
20%	<b>4,301,473</b>	<b>860,295</b>	4,044,857	808,972
35%	<b>3,628,864</b>	<b>1,270,102</b>	3,505,236	1,226,833
50%	<b>2,721,627</b>	<b>1,360,814</b>	2,686,655	1,343,327
75%	<b>9,228,912</b>	<b>6,921,683</b>	9,550,838	7,163,128
100%	<b>8,312,302</b>	<b>8,312,302</b>	8,291,425	8,291,425
150%	<b>339,729</b>	<b>509,594</b>	237,355	356,032
Total RWA equivalent for Credit risk	<b>34,510,062</b>	<b>19,234,790</b>	33,707,545	19,189,717
Total RWA equivalent for Market risk	-	<b>25,364</b>	-	19,663
Total RWA equivalent for Operational risk	-	<b>2,146,798</b>	-	2,126,663
<b>Total Risk-Weighted Assets</b>	<b>34,510,062</b>	<b>21,406,952</b>	33,707,545	21,336,043

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010**

**C18. Interest Rate Risk**

GROUP	----- Non-trading book -----						Non-interest/ profit sensitive	Trading book	Total	Effective interest/ profit rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
As at 30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>ASSETS</b>										
Cash and short-term funds	2,000,303	-	-	-	-	-	527,558	-	2,527,861	2.55
Deposits and placements with banks and other financial institutions	-	150,156	-	-	-	-	-	-	150,156	2.69
Financial assets held-for-trading	-	-	-	-	-	-	-	10,130	10,130	3.58
Financial investments available-for-sale	1,132,833	1,102,924	400,307	571,517	3,213,088	264,942	120,587	-	6,806,198	3.18
Financial investments held-to-maturity	-	-	32,318	35,104	835,485	75,688	3,037	-	981,632	2.78
Loans, advances and financing	15,663,426	1,318,177	394,096	471,338	1,509,149	1,380,645	117,864 *	-	20,854,695	5.79
Balances due from clients and brokers	628	-	-	-	-	-	92,261	-	92,889	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,051,986	33,319	1,085,305	-
<b>TOTAL ASSETS</b>	<b>18,797,190</b>	<b>2,571,257</b>	<b>826,721</b>	<b>1,077,959</b>	<b>5,557,722</b>	<b>1,721,275</b>	<b>1,913,293</b>	<b>43,449</b>	<b>32,508,866</b>	
<b>LIABILITIES</b>										
Deposits from customers	10,794,168	2,352,971	1,968,148	3,585,259	133,022	-	4,448,740	-	23,282,308	1.76
Deposits and placements of banks and other financial institutions	1,619,274	801,364	1,884	2,938	798,376	-	2,114	-	3,225,950	2.26
Amount due to Cagamas Berhad	-	-	-	-	27,348	-	-	-	27,348	4.54
Bills and acceptances payable	111,002	319,414	496	-	-	-	-	-	430,912	2.82
Balances due to clients and brokers	33,965	-	-	-	-	-	69,322	-	103,287	1.50
Subordinated bonds	-	-	-	600,000	-	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.51
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,020,528	50,747	1,071,275	-
<b>TOTAL LIABILITIES</b>	<b>12,558,409</b>	<b>3,473,749</b>	<b>1,970,528</b>	<b>4,188,197</b>	<b>1,558,746</b>	<b>-</b>	<b>5,540,704</b>	<b>50,747</b>	<b>29,341,080</b>	
Equity	-	-	-	-	-	-	3,163,461	-	3,163,461	-
Minority interests	-	-	-	-	-	-	4,325	-	4,325	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,558,409</b>	<b>3,473,749</b>	<b>1,970,528</b>	<b>4,188,197</b>	<b>1,558,746</b>	<b>-</b>	<b>8,708,490</b>	<b>50,747</b>	<b>32,508,866</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Group are classified as non-interest/profit sensitive.

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2010**

C18. Interest Rate Risk (cont'd)

GROUP	Non-trading book						Non-interest/ profit sensitive	Trading book	Total	Effective interest/ profit rate
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
As at 31 March 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>										
Cash and short-term funds	3,006,169	-	-	-	-	-	558,376	-	3,564,545	2.21
Deposits and placements with banks and other financial institutions	-	150,000	156	-	-	-	-	-	150,156	2.38
Financial investments available-for-sale	96,539	1,303,340	230,086	176,628	3,292,957	39,982	15,296	-	5,154,828	3.22
Financial investments held-to-maturity	-	2,700	-	57,319	847,349	5,199	18,853	-	931,420	2.81
Loans, advances and financing	15,475,122	1,264,499	551,325	358,905	1,601,953	1,351,853	44,788 *	-	20,648,445	5.40
Balances due from clients and brokers	441	-	-	-	-	-	72,127	-	72,568	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,096,955	44,698	1,141,653	-
<b>TOTAL ASSETS</b>	<b>18,578,271</b>	<b>2,720,539</b>	<b>781,567</b>	<b>592,852</b>	<b>5,742,259</b>	<b>1,397,034</b>	<b>1,806,395</b>	<b>44,698</b>	<b>31,663,615</b>	
<b>LIABILITIES</b>										
Deposits from customers	11,636,012	1,768,370	1,889,989	3,680,162	135,986	-	4,517,812	-	23,628,331	1.53
Deposits and placements of banks and other financial institutions	875,212	531,017	135,775	1,700	743,460	-	2,502	-	2,289,666	1.96
Amount due to Cagamas Berhad	-	-	-	-	28,077	-	-	-	28,077	4.54
Bills and acceptances payable	241,035	285,476	11,839	-	-	-	-	-	538,350	2.45
Balances due to clients and brokers	36,489	-	-	-	-	-	43,760	-	80,249	1.50
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.33
Other non-interest/profit sensitive balances	-	-	-	-	-	-	897,086	50,175	947,261	-
<b>TOTAL LIABILITIES</b>	<b>12,788,748</b>	<b>2,584,863</b>	<b>2,037,603</b>	<b>3,681,862</b>	<b>2,107,523</b>	<b>-</b>	<b>5,461,160</b>	<b>50,175</b>	<b>28,711,934</b>	
Equity	-	-	-	-	-	-	2,947,141	-	2,947,141	-
Minority interests	-	-	-	-	-	-	4,540	-	4,540	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,788,748</b>	<b>2,584,863</b>	<b>2,037,603</b>	<b>3,681,862</b>	<b>2,107,523</b>	<b>-</b>	<b>8,412,841</b>	<b>50,175</b>	<b>31,663,615</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Group are classified as non-interest/profit sensitive.



**C19. Change in Accounting Policies**

During the current reporting period, the Group adopted the following significant standards and amendments to FRS:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) FRS 7 Financial Instruments: Disclosures
- (iv) Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

The objectives of FRS 139 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivatives instruments which are similar to those prescribed by FRS 139 have been adopted by the Group. With the full adoption of FRS 139 with effect from 1 April 2010 for the Group, this has resulted in the following material changes in accounting policies as follows:

(a) Impairment of Loans and Advances

Impairment losses are calculated on individual loans and loans assessed collectively.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) it becomes probable that the borrower will enter bankruptcy or winding up petition is served on the borrower, significant shareholder or significant guarantor;
- (d) adverse Center Credit Reference Information System ("CCRIS") findings or unfavorable industry developments for that borrower; and
- (e) observable data indicating that there is a measurable decrease in the estimated future cash flows including adverse changes in the repayment behavior of the borrower or downgrade of the borrower's credit ratings.

The estimated period between a loss occurring and its identification is determined by the Group for each identified portfolio. In general, the periods used vary between 6 months and 12 months.

The Group assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract.

**C19. Change in Accounting Policies (cont'd)**

(a) Impairment of Loans and Advances (cont'd)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment. The interest income is recognised as interest income.

In the amendment to FRS 139, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. The transitional arrangement is prescribed in the guidelines on 'Classification and Impairment Provisions for Loans/Financing' issued on 8 January 2010. For the purposes of a collective evaluation of impairment, the Group is currently reporting under the BNM's transitional arrangement as prescribed in the guidelines issued by BNM.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening retained profits.

(b) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. Whilst the Group's financial investments held-to-maturity are already measured on this basis under the requirements of BNM's revised BNM/GP8 effective from 1 April 2005, interest income on its loans and receivables continued to be recognised based on contractual interest rates. Upon the full adoption of FRS 139, interest income is recognised using effective interest rates ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans or, where appropriate, a shorter period to the net carrying amount of the loan. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the loans but does not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening retained profits.

(c) Fair value on Unquoted Shares Previously Recorded at Amortised Cost

BNM's Guideline on Financial Reporting for Licensed Institutions (BNM/GP8) issued in 5 October 2004, allowed the unquoted shares held for purposes of specific socio-economic reasons, to be classified as held-to-maturity and measured at amortised cost.

Upon the adoption of FRS 139, all equity instruments (both quoted and unquoted equity) are required to be measured at fair value. Therefore, the Group had reclassified all the unquoted shares held for purposes of specific socio-economic reasons previously classified as held-to-maturity to available-for-sales portfolio and accordingly, they are to be measured at fair value.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening revaluation reserves.

**C19. Change in Accounting Policies (cont'd)**

**Adjustments due to Change in Accounting Policies**

The changes in accounting policies as described above which resulted in adjustments to opening reserves of the Group are as follows:

	Audited as at 1 April 2010 RM'000	FRS 139 Fair value/ impairment RM'000	Reclassification RM'000	Adjusted As at 1 April 2010 RM'000
<b>Statements of Financial Position</b>				
<b>ASSETS</b>				
Cash and short-term funds	3,564,545	-	-	3,564,545
Deposits and placements with banks and other financial institutions	150,156	-	-	150,156
Financial investments available-for-sale	5,154,828	89,499	18,516	5,262,843
Financial investments held-to-maturity	931,420	-	(18,516)	912,904
Derivative financial assets	44,698	-	-	44,698
Loans, advances and financing	20,648,445	57,471	-	20,705,916
Balances due from clients and brokers	72,568	-	-	72,568
Land held for investment	27,748	-	-	27,748
Other assets	186,707	(9,042)	-	177,665
Tax recoverable	24,316	(11,251)	-	13,065
Statutory deposits	258,506	-	-	258,506
Leasehold land	11,119	-	-	11,119
Property, plant and equipment	123,974	-	-	123,974
Intangible assets	361,858	-	-	361,858
Deferred tax assets	102,727	(24,429)	-	78,298
<b>TOTAL ASSETS</b>	<b>31,663,615</b>	<b>102,248</b>	<b>-</b>	<b>31,765,863</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	23,628,331	-	-	23,628,331
Deposits and placements of banks and other financial institutions	2,289,666	-	-	2,289,666
Derivative financial liabilities	50,175	-	-	50,175
Amount due to Cagamas Berhad	28,077	-	-	28,077
Bills and acceptances payable	538,350	-	-	538,350
Balances due to clients and brokers	80,249	-	-	80,249
Other liabilities	892,880	-	-	892,880
Subordinated bonds	600,000	-	-	600,000
Long term borrowings	600,000	-	-	600,000
Provision for taxation	4,201	(1,198)	-	3,003
Deferred tax liabilities	5	-	-	5
<b>TOTAL LIABILITIES</b>	<b>28,711,934</b>	<b>(1,198)</b>	<b>-</b>	<b>28,710,736</b>
Share capital	1,548,106	-	-	1,548,106
Reserves	1,445,732	103,446	-	1,549,178
Shares held for Employees' Share Scheme	(46,697)	-	-	(46,697)
<b>CAPITAL AND RESERVES</b>				
<b>ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>2,947,141</b>	<b>103,446</b>	<b>-</b>	<b>3,050,587</b>
Minority interests	4,540	-	-	4,540
<b>TOTAL EQUITY</b>	<b>2,951,681</b>	<b>103,446</b>	<b>-</b>	<b>3,055,127</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,663,615</b>	<b>102,248</b>	<b>-</b>	<b>31,765,863</b>

**C20. Comparative Figures**

(i) FRS 101: Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group for the comparative financial period ended 30 June 2009 have been re-presented as two separate statements, i.e. a statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which we previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact to the results, performance and earnings per ordinary share of the Group.

(ii) FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group. The standard also require disclosure of the statement of financial position and statement of comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group, as the presentation is already made by categories of financial assets and liabilities.

In addition to the adoption of FRS 101 and FRS 7 that resulted representation of the comparative, the following comparatives have been reclassified to conform with the current period's presentation.

	<b>Group</b>			
	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>As restated</b>	As previously	<b>As restated</b>	As previously
	<b>RM'000</b>	reported	<b>RM'000</b>	reported
		RM'000		RM'000
(i) <u>Statements of Comprehensive Income</u>				
<u>for the financial period ended</u>				
<u>30 June 2009</u>				
Interest income	<b>269,814</b>	276,127	<b>269,814</b>	276,127
Interest expense	<b>(132,531)</b>	(134,306)	<b>(132,531)</b>	(134,306)
Net income from				
Islamic banking business	<b>59,403</b>	58,888	<b>59,403</b>	58,888
Other operating income	<b>60,337</b>	52,954	<b>60,337</b>	52,954
Other operating expenses	<b>(140,887)</b>	(136,982)	<b>(140,887)</b>	(136,982)
Allowance for impairment on				
loans, advances and financing				
and other losses	<b>(25,967)</b>	(25,017)	<b>(25,967)</b>	(25,017)
Allowance for impairment	<b>(27,726)</b>	(29,221)	<b>(27,726)</b>	(29,221)

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary  
 Kuala Lumpur  
 20 August 2010